

# **THE CHILLICOTHE TELEPHONE COMPANY INTERSTATE ACCESS TARIFF REVISIONS MARCH 31, 2000**

## ***DESCRIPTION AND JUSTIFICATION***

The Chillicothe Telephone Company (Chillicothe), submits the accompanying access tariff revisions to its Access Service Tariff FCC No. 1 to reduce switched access and special access rates. The rate reductions are due to decreasing interstate revenue requirements.

### **Revenue Requirement**

The Chillicothe Telephone Company has prepared a draft 1999 separations and access charge study. Based on the completion of the draft, Chillicothe discovered a declining interstate traffic sensitive revenue requirement due to the following:

#### ***Traffic Factors***

Chillicothe's interstate traffic factors have decreased based on 1999 actual traffic data. The factors have decreased from the original 1999-2000 annual tariff filing as follows:

<i>Factors – LDI</i>	<i>1999 Actual</i>	<i>Annual Tariff</i>
SLU	.083849	.134868
DEM	.083849	.134868
CM	.408589	.565030
CMM	.408589	.565030

The decrease in DEM significantly reduces the local switching revenue requirement, and therefore, reduces the local switching rate.

### ***Pension Over-funding***

In 1999, Chillicothe funded its employee pensions in excess of the amount later determined to be required. A year-end adjustment was made for \$1,014,648 to General and Administrative expenses. This adjustment has a material impact on reducing the interstate traffic sensitive revenue requirements.

### ***Common Expense Allocations***

Horizon Services provides administrative services to Chillicothe and other entities affiliated with Horizon Telecom, Inc. Horizon Services expenses are allocated to the regulated telephone company and the nonregulated companies based on the company's cost allocation manual. The common expense allocations to the telephone company (regulated portions) are expected to decrease for 2000 and therefore, the expense balances in the tariff's projected cost study are appropriately being decreased. Again, these common expense adjustments decrease the interstate traffic sensitive revenue requirements.

### ***Increase in Demand***

During 1999, Chillicothe experienced demand for switched and special access services in excess of the level predicted. Chillicothe is revising its switched and special demand units to account for this increase in demand.